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TO: Fiscal Review Committee
FROM: Richard G. Rhoda 
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SUBJECT: Lottery Scholarship Retention Rates

The Commission is pleased to provide a first look at Tennessee Education Lottery Scholarship (TELS) retention rates. These rates represent the percent of students in the Fall 2004 cohort of initial recipients who retained their scholarship in Fall 2005.

While initial eligibility criteria differ by award, renewal criteria are consistent across all award types: a 2.75 cumulative GPA after 24 credit hours and 3.0 cumulative GPA for each subsequent 24 credit hours attempted, for up to five academic years. It is important to note that the recipients described in the following analysis entered the program when the ACT composite score requirement was 19. The 2005 Legislature raised the required ACT score to 21, which may increase retention rates in the future.

In the first year of the TELS program, awards were made available not only to first-time freshmen, but also to sophomores who met the initial eligibility requirements as freshmen. **Table 1** shows that retention rates varied widely

**Table 1. Lottery Scholarship Retention Rates:
Fall 2004 Initial Recipients Who Retained the Award in Fall 2005**

Award Type	Overall	Fall 2004 First-Time Freshmen	Fall 2004 Sophomores
General Assembly Merit Scholarship	89.1%	89.2%	88.9%
HOPE Base Award	56.1%	49.6%	68.5%
ASPIRE	45.1%	39.5%	59.6%
HOPE Access Grant	21.6%	21.8%	n/a
Across All 4 Awards	55.3%	48.7%	68.5%

not only by award type, but by whether students were freshmen upon initial receipt of their award. The ensuing narrative provides a more detailed discussion of these retention rates by award type, sector, race, gender, and freshman/sophomore status.

General Assembly Merit Scholarship

The General Assembly Merit Scholarship (GAMS) requires a 3.75 high school GPA *and* 29 ACT composite score. The award pays students \$4,800 annually in four-year institutions and \$2,900 in two-year institutions.

- The GAMS retention rate was 89.1 percent.
- By sector, the rates were 90.6 percent for independent institutions, 88.6 percent for public universities, and 79.3 percent for community colleges.
- By race and gender, renewal rates were highest for black females (100.0 percent) and lowest for black males (66.7 percent); however, both of these cohorts were quite small and combined represented less than one percent of the GAMS population.
- The GAMS renewal rate for first-time freshmen was 89.2 percent, essentially equivalent to the rate for sophomore GAMS recipients.

HOPE Base Award

The HOPE base award requires a 3.0 high school GPA *or* composite score of 21 on the ACT. The award amount is \$3,800 annually in four-year institutions and \$1,900 in two-year institutions.

- The retention rate for the basic HOPE award was 56.1 percent.
- By postsecondary sector, the rates were 63.5 percent for independent institutions, 57.9 percent for public universities, and 45.2 percent for community colleges.
- By race and gender, renewal rates were highest for white females (62.6 percent) and lowest for black males (34.8 percent).
- The HOPE renewal rate for first-time freshmen was 49.6 percent, nearly 20 points lower than the rate for sophomore HOPE recipients.

ASPIRE (HOPE with Need Supplement)

Students who meet the academic eligibility requirements for basic HOPE and also demonstrate financial need qualify for ASPIRE. This need-based supplement is a unique feature of Tennessee's program among all the states with broad-based merit aid programs. Initial eligibility requirements are the same as for basic HOPE

in every respect, but eligible students must also have a family adjusted gross income of \$36,000 or less. The award amount is \$5,300 annually in four-year institutions and \$3,400 in two-year institutions.

- The retention rate for ASPIRE was 45.1 percent.
- By sector, the rates were 51.2 percent for independent institutions, 47.2 percent for public universities, and 37.4 percent for community colleges.
- By race and gender, renewal rates were highest for white females (50.5 percent) and lowest for black males (30.2 percent).
- The ASPIRE renewal rate for first-time freshmen was 39.5 percent, 20 points lower than the rate for sophomore ASPIRE recipients.

HOPE ACCESS Award

HOPE ACCESS is a partial award available to needy students whose high school academic credentials barely miss the cutoffs for basic HOPE. The award requires a high school GPA of 2.75, an ACT composite from 18-20, *and* family adjusted gross income of \$36,000 or less. The award amount is \$2,650 annually in four-year institutions and \$1,700 in two-year institutions.

- The Access retention rate was 21.6 percent.
- By sector, the rates were 26.0 percent for public universities and 22.0 percent for community colleges. A retention rate for Access award recipients who enrolled in the independent sector is not reported due to the small size of that cohort.
- By race and gender, renewal rates were highest for white females (29.4 percent) and lowest for white males (5.0 percent).
- The Access renewal rate for first-time freshmen was 21.8 percent. A retention rate for sophomore recipients is not reported due small cohort size.

These results seem to be in line with those of other states with similar broad-based merit scholarship programs. The results might even be considered encouraging, given that the eligibility standards in other states' programs tend to be more restrictive – namely, a standardized test score *and* a high school GPA requirement. The Commission plans to track trends in retention as this initial cohort progresses through the postsecondary pipeline and as subsequent cohorts come on board. This will add to our knowledge of how the program operates and help the Commission improve its projections of future resource needs.